



Barbara D. Lockwood
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January 3, 2020

Commissioner Lea Márquez Peterson
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

RE: Rate Review and Examination of Books and Records of Arizona Public Service
Company (APS)
Docket No. E-01345A-19-0003

Dear Commissioner Márquez Peterson,

Thank you for your December 18, 2019 letter. On November 14, 2019, APS learned that there were issues with its Rate Comparison Tool. APS immediately took the tool down from its website, notified the Commission, and initiated an investigation. A series of Commission letters, public comments, and media reports followed. In addition, APS received a Civil Investigative Demand pursuant to the Arizona Consumer Fraud Act, A.R.S. § 44-1521 *et seq.*, from the Arizona Attorney General's Office (AGO).

APS notified the Commission of the AGO's investigation (only after informing the AGO of its intent to do so). Any time the government investigates an entity or individual about a claim of potential fraud, confidentiality is critical to avoid misinformation and customer confusion, as well as prejudgment and interference with the investigation. This is especially true when, as we firmly believe here, no fraud occurred. It is our expectation that the investigation will bear this fact out.

In light of these concerns, APS requested confidentiality to allow the AGO to complete its investigation. We did not cite legal statutes or rules, but rather made an appropriate and reasonable request for confidentiality while the AGO investigates. When the media learned of the AGO's investigation and inquired, we felt it was appropriate to acknowledge the existence of the investigation, but we have declined to discuss the details.

APS is fully cooperating with the AGO and will share any final determination by the AGO with the Commission. APS also continues to implement the plans laid out at the Commission's December 11, 2019 Open Meeting and looks forward to providing the Commission with further updates regarding the status of those efforts at the January Open Meeting.

Sincerely,

A handwritten signature in dark ink that reads 'Barbara D. Lockwood'. The signature is fluid and cursive, with a large loop at the end.

Barbara D. Lockwood